

## Message Text

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ACTION PM-05

INFO OCT-01 EA-10 ISO-00 SS-15 NSC-05 SP-02 OMB-01  
TRSE-00 EB-08 COME-00 AID-05 IGA-02 ACDA-12 MCE-00  
L-03 /069 W  
-----030797 021025Z /10/43

R 010858Z DEC 77  
FM AMEMBASSY MANILA  
TO SECSTATE WASHDC 8596  
INFO SECDEF WASHDC  
JCS  
CINCPAC  
CINCPACREPPHIL

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CORRECTED COPY (TEXT)

E.O. 11652: GDS  
TAGS: MASS, RP  
SUBJECT: INTERNATIONAL TECHNICAL PRODUCTS CORPORATION (ITPC)  
REQUEST FOR USG HELP ON RADAR CONTRACT

REF: (A) MANILA 18579; (B) SECDEF 150049Z NOV 77

1. SUMMARY. ITPC HAS WRITTEN EMBASSY ASKING THAT  
AMBASSADOR INTERCEDE WITH MARCOS ON PENDING CONTRACT FOR  
ITPC RADAR POSTS WHICH MARCOS IS REPORTEDLY HOLDING UP  
BECAUSE OF BASE DISCUSSIONS. OVERALL FACTS ON ITPC  
CONTRACT SITUATION ARE TOO SKETCHY TO CONTEMPLATE APPROACH  
TO MARCOS AT THIS TIME. ITPC LETTER DOES RAISE GENERAL  
QUESTION OF HOW WE MIGHT HELP GOP IN RADAR AREA WITHOUT  
CONTRIBUTING TO BREAKDOWN OF ITPC DEAL. END SUMMARY.

2. FOLLOWING LETTER WAS RECEIVED FROM ITPC NOVEMBER 26:  
BEGIN QUOTE. DEAR MR. CONNORS: I WOULD LIKE TO EXPRESS  
OUR APPRECIATION FOR THE TIME YOU TOOK TO DISCUSS THE  
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PRESENT SITUATION RELATIVE TO THE PENDING CONTRACT BETWEEN  
THE PHILIPPINE AIR FORCE (PAF) AND INTERNATIONAL  
TECHNICAL PRODUCTS CORPORATION (ITPC) FOR THE  
CONTROL REPORTING POSTS (CRP) PROGRAM.

AS WE STATED TO YOU, THIS FULLY EXECUTED AND FUNDED  
CONTRACT IS BEING HELD BY PRESIDENT MARCOS, ACCORDING TO

MAJOR GENERAL S.O. SARMIENTO, UNTIL THE PRESIDENT CAN DISCUSS IT WITH AMBASSADOR NEWSOM. WHETHER THE PURPOSE IS TO EXPLORE THE POSSIBLE PROCUREMENT THROUGH FMS CHANNELS IS NOT SPECIFICALLY KNOWN BUT HAS BEEN POSTULATED BY OUR CONTACT WITHIN THE PHILIPPINE GOVERNMENT. WE BELIEVE THAT THE AMBASSADOR SHOULD BE AWARE OF THE POSSIBILITY THIS MATTER MAY BE RAISED BY PRESIDENT MARCOS.

THIS DELAY IN RELEASE OF THIS CONTRACT IS MOST SERIOUS TO OUR COMPANY. WE ARE IN THE DIFFICULT POSITION OF NOT BEING ABLE TO HONOR THE SIGNED CONTRACT PRICE BEYOND MID-DECEMBER DUE TO COST ESCALATIONS. AS YOU WILL RECALL FROM THE DATA WE PRESENTED TO YOU, THIS PROGRAM IS HIGH PRIORITY WITH THE PHILIPPINE GOVERNMENT AND THE OPERATIONAL NEED IS VERY TIME-SENSITIVE.

WE UNDERSTAND THAT IT IS ALSO THE POLICY OF THE U.S. GOVERNMENT NOT TO MAKE A GOVERNMENT-TO-GOVERNMENT OFFER IN THOSE INSTANCE WHERE A VIABLE COMMERCIAL CONTRACT IS POSSIBLE. THIS POSITION HAS BEE COMMUNICATED TO MEMBERS OF THE PHILIPPINE DEPARTMENT OF NATIONAL DEFENSE AND THE PAF BY THE MILITARY ADVISORY ASSISTANCE GROUP (MAAG).

FOR THESE REASONS, WE REQUEST THAT THE AMBASSADOR RAISE THIS MATTER WITH PRESIDENT MARCOS, IF THE PRESIDENT DOES NOT, INDICATING THAT UNDER THESE CIRCUMSTANCES, A GOVERN-CONFIDENTIAL

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MENT-TO-GOVERNMENT OFFER WOULD BE CONTRARY TO U.S. GOVERNMENT POLICY AND CLARIFY THE FACT THAT A NON-U.S. MILITARY SYSTEM OF THIS TYPE IS NOT EASILY PROVIDED VIA THE FMS CHANNELS AND THAT IF PROVIDED, TWO (2) YEARS OR MORE WOULD BE ADDED TO THE PRESENT DELIVERY SCHEDULE WITH A COMMENSURATE GREATER PRICE.

WE WOULD BE PLEASED TO DISCUSS THIS MATTER WITH THE AMBASSADOR AND STAND READY TO SUPPLY ANY ADDITIONAL INFORMATION YOU MAY REQUIRE. VERY TRULY YOUR, INTERNATIONAL TECHNICAL PRODUCTS CORPORATION, ALAN F. REICHENBACH, SENIOR VICE PRESIDENT. END QUOTE. AMBASSADOR DOES NOT REPAT NOT PLAN TO RAISE THE ISSUE WITH MARCOS ON THE BASIS OF SECOND-AND THIRD-HAND INFORMATION ABOUT WHERE THE ITPC CONTRACT IS AND WHY THE GOP IS NOT PROCEEDING WITH IT. THE REASONS CITED BY ITPC MAY BE CORRECT BUT THERE COULD BE OTHER FACTORS INVOLVED OF WHICH WE ARE UNAWARE.

3. IF MARCOS DOES RAISE THE QUESTION, SUGGESTING THAT WE SOMEHOW PROVIDE OR FINANCE WHAT ITPC IS OFFERING, AMBASSADOR WOULD PLAN TO NOTE THAT WE NORMALLY TRY NOT TO STEP IN THE WAY OF PENDING COMMERCIAL CONTRACTS. ITPC'S

POINT ABOUT THE UNCERTAINTY AND SLOWNESS OF FMS IS  
OVERDRAWN AND WOULD NOT BE USED.

4. COMMENT. BEHIND THESE IMMEDIATE TACTICAL ISSUES  
IS THE BROADER QUESTION OF WHETHER WE CAN GET CREDIT  
WITH THE GOP FOR PROVIDING HELP IN THE RADAR AREA  
SHOULD WE DECIDE TO DO SO, WITHOUT  
CONTRIBUTING TO A BREAKDOWN OF THE ITPC DEAL. WE WOULD WELCOME  
ANY IDEAS ON THIS POINT. IN THE MEANTIME, WE ARE SENDING  
ITPC REPRESENTATIVES HERE NON-COMMITTAL LETTER FROM POL/MIL  
OFFICER INDICATING THAT MATTER WILL BE BROUGHT TO ATTENTION  
OF AMBASSADOR. (REGIONAL MANAGER OF ITT, HENRY SCHLEUNING,  
WAS IN TOWN NOVEMBER 29-30 AND MADE WRITTEN REQUEST TO SEE  
AMBASSADOR ON THIS ISSUE BUT LETTER ARRIVED TOO LATE TO  
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ARRANGE CALL BEFORE SCHLEUNING DEPARTED.)

NEWSOM

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01-Jan-1994 12:00:00 am  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** RADAR, CONTRACTS  
**Control Number:** n/a  
**Copy:** SINGLE  
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**Decaption Date:** 01-Jan-1960 12:00:00 am  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 22 May 2009  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
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**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
**Expiration:**  
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**Reference:** 77 MANILA 18579  
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**Review Withdrawn Fields:** n/a  
**SAS ID:** 113541  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** INTERNATIONAL TECHNICAL PRODUCTS CORPORATION (ITPC) REQUEST FOR USG HELP ON RADAR CONTRACT  
**TAGS:** MASS, RP, ITPC  
**To:** STATE  
**Type:** TE  
**vdkgvwkey:** odb://SAS/SAS.dbo.SAS\_Docs/bef6cefb-c188-dd11-92da-001cc4696bcc  
**Review Markings:**  
Margaret P. Grafeld  
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